

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTER

☐

DATE

June 19, 2019

MOTOR CARRIER MATTER

☐

DOCKET NO.

2018-319-E

UTILITIES MATTER

☒

ORDER NO.

**THIS DIRECTIVE SHALL NOT SERVE AS THE COMMISSION'S ORDER ON THIS
ISSUE; SUCH ORDER SHALL BE ISSUED AS WRITTEN ORDER NO. 2019-455**

SUBJECT:

DOCKET NO. 2018-319-E - Application of Duke Energy Carolinas, LLC for Adjustments in Electric Rate Schedules and Tariffs - Staff Presents for Commission Consideration the Office of Regulatory Staff's Petition for Clarification and Reconsideration, Duke Energy Carolinas, LLC's Petition for Rehearing on Commission Order No. 2019-323, and South Carolina Energy Users Committee's Petition for Rehearing.

COMMISSION ACTION:

Three parties have contested certain portions of Order No. 2019-323 and sought reconsideration and/or rehearing: Duke Energy Carolinas, the Office of Regulatory Staff, and the South Carolina Energy User's Committee. My motion summarizes my proposed actions to be taken by the Commission in connection with the Petitions for Rehearing and Reconsideration, with the understanding that the Commission will issue a full order explaining the rulings in more detail. To the extent that I propose upholding the Commission's original rulings, I move that we find there is substantial evidence in the entire record to support our findings of fact and conclusions of law.

I would like to begin with the South Carolina Energy Users Committee ("SCEUC") Petition, which presented three requests for reconsideration. I move that we deny SCEUC's request that the Commission disallow entirely the preconstruction costs incurred in connection with the Lee Nuclear Plant. If the General Assembly had intended to bar all nuclear preconstruction costs in Act 258, it would have said so explicitly. However, it did not. I further move that we deny SCEUC's request that we disallow entirely the clean-up costs incurred by the Company in connection with the excavation of coal ash basins at W.S. Lee Steam Station. These clean-up costs were incurred pursuant to an agreement between the South Carolina DHEC and the Company. Finally, I move that we deny SCEUC's request that we require the Company to implement market-based real-time pricing. The Real Time Pricing tariff is, as the Company explains, a voluntary tariff based on the Company's system production costs and are not intended to be a proxy for wholesale market-based pricing.

I move that we adopt the following modifications to Order No. 2019-323, proposed by the Office of Regulatory Staff:

1. Clarify DEC's allowable rate base and net income for return. After adjustments made on reconsideration which I will address later in my motion, the allowable rate base is \$5,445,665,000, and the net income for return is \$390,133,000.
2. We should clarify that the Company, for purposes of this rate case, is to use the Cost of

Service Study presented by the Company to allocate all revenues, expenses, and rate base items and to design rates for all customer classes, unless otherwise specified by the Commission.

3. We should clarify that the Commission intended to order a 75% disallowance of the \$1,094,000 of Duke Energy CEO Lynn Good's executive compensation allocated to South Carolina ratepayers. The resulting net adjustment to executive compensation in Adjustment No. 29 would be (\$1,222,000) rather than (\$1,085,000).

4. We should modify our ruling as to the calculation of working capital (Adjustment No. 33) from \$83,971,000 to \$82,230,000.

5. With regard to treatment of deferral accounting treatment for certain costs, I move that the Commission adopt the following:

a. Customer Connect Operation and Maintenance Deferral:

The Commission should permit continued deferral of costs incurred in connection with the ongoing deployment of the Customer Connect program consistent with Order No. 2018-552 in Docket No. 2018-207-E.

b. AMI Deferral: The Commission should permit deferral of costs incurred in connection with implementation of Advanced Metering Infrastructure.

c. Coal Ash Deferral and Amortization: The Commission should permit continued deferral of costs incurred in connection with complying with environmental remediation requirements consistent with Order No. 2016-490 in Docket No. 2016-196-E. In addition, we should clarify that the amortization period for the previously deferred environmental costs is five years as proposed by the Company and unopposed by ORS.

d. Grid Modernization Deferral: The Commission's Hearing Officer Directive Order 2019-26H approved the Stipulation governing the deferral of the proposed Grid Improvement Plan. To clarify as requested by ORS, the Commission should adopt and incorporate by reference the terms of the Stipulation in our final written order.

e. Credit Card Fee Deferral: The Commission should grant the Company's request that it be permitted to defer costs incurred in connection with implementation of its proposed transaction-fee-free credit card payment program.

6. I move that we reject the ORS's argument to the effect that the notice provided by the Company concerning its rate increase proposal in some way violated due process or was otherwise deficient.

The Petition filed by Duke Energy Carolinas ("DEC") seeks reconsideration and rehearing as to many rulings contained in Order No. 2019-323. I move that we take the following actions as to the DEC petition:

1. The Commission should decline to rehear or reconsider its rulings in connection with Adjustments nos. 7, 13, 18, 19, 30, 35, and 36.

2. The Commission should decline to rehear or reconsider its rulings in connection with coal ash remediation and disposal costs.

3. The Commission should decline to rehear or reconsider its ruling with respect to its approved Return on Equity.

4. The Commission should decline to rehear or reconsider its ruling that DEC be entitled to recover a return on deferred costs (with the exception of coal ash costs) and only be allowed a return on its capital-related deferred costs.

5. Any and all requests for rehearing or reconsideration not specifically addressed should be denied.

PRESIDING: Randall

SESSION: Regular

TIME: 2:00 p.m.

	MOTION	YES	NO	OTHER
BELSER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ERVIN	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
RANDALL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WHITFIELD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
WILLIAMS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

(SEAL)

RECORDED BY: J. Schmieding

